



Manager of Company Announcements

ASX Limited
20 Bridge Street
SYDNEY NSW 2000

25 January 2012

By e-lodgement

ASTRON LIMITED ANNOUNCES ITS INTENTION TO REDOMICILE IN HONG KONG

Astron Limited (**Company**) has entered into an Implementation Agreement with Astron Corporation Limited or 阿斯创集团有限公司 (Chinese name) (**Astron HK**), a wholly owned subsidiary of the Company incorporated in Hong Kong. The purpose of the Implementation Agreement is to facilitate the redomiciliation of the Astron group (**Group**) to Hong Kong (**Proposed Transaction**).

Under the Proposed Transaction Astron HK will become the parent company of the Group. Shareholders of the Company (**Shareholders**) will exchange each of their existing ordinary shares in the Company for two equivalent ordinary shares in Astron HK. Attachment B provides a diagrammatic representation of the Proposed Transaction.

Astron HK will be located in Hong Kong and will set the policies and the direction for the Group. The Company will become a wholly owned subsidiary of Astron HK, and its business, operations, management and employees will not materially change as a result of the Proposed Transaction. Upon implementation of the Proposed Transaction, the Board of Astron HK will reflect the current Board of the Company. The management and control of Astron HK will however be located in Hong Kong.

Astron HK will replace the Company as the entity which is listed on the ASX. To achieve this, Astron Shareholders will be able to elect to receive either two ordinary shares (**Astron HK Shares**) or CHESS Depository Interests (**CDIs**) in Astron HK. The CDIs will trade on ASX. Two CDIs will be equivalent to two ordinary shares in Astron HK.

China represents the largest target market for the Group's products and a presence close to this market is important to the Company. As mainland China is the Company's major market and is, the Directors believe, more receptive towards Hong Kong companies than foreign companies, the Board believes that the redomiciliation represents a natural evolution and opportunity for the Group.

The Proposed Transaction is subject to the Australian Federal Court ordering a meeting of Shareholders to vote on the Proposed Transaction, which is expected to be held during March 2012 and, if approved by Shareholders, also approval by the Court.

The Proposed Transaction

In order to implement the Proposed Transaction, the Company proposes to enter a scheme of arrangement (**Scheme**) under section 411 of the Corporations Act 2001 between the Company and its Shareholders under which Astron HK will acquire all existing ordinary shares in the Company (**Shares**) from Shareholders with the result that the Company will become a wholly-owned subsidiary of Astron HK. As consideration for acquiring each of the Shares, Astron HK will issue two Astron HK Shares to Shareholders for each of their Shares.

Shareholders will be entitled to elect to receive their Astron HK Shares either in the form of ordinary shares or CDIs. Only Astron HK CDIs will be tradeable on ASX. There will not be any public market for the ordinary shares of Astron HK.

To assist Shareholders, the Company and Astron HK will be distributing an information memorandum setting out details of the Proposed Transaction including details of how to vote at the meeting at which approval of the Proposed Transaction will be proposed (**Information Memorandum**). The Information Memorandum is expected to be circulated to Shareholders in February 2012.

Benefits of the Proposed Transaction

The Company's Board of Directors (**Board**) believes that some of the key potential benefits of the Proposed Transaction are:

- Aligning the corporate structure of Astron with its operating business in China and Australia. For example:
 - China represents the largest target market for Astron's products. A presence close to this market is important for Astron;
 - Astron's downstream and research and development businesses are currently based at Yingkou in China; and
 - Astron's minerals and materials processing business was built in China and is seen to be a Chinese-Australian company.
- In due course the Board anticipates raising equity capital to fund the development of the Donald Mineral Sands Project and its downstream processing plants in China. The Hong Kong re-domicile will give the Group the flexibility to raise this capital on the ASX and/or potentially via a listing on the Hong Kong Stock Exchange (HKEx).
- Facilitating the possible demerging and listing on the HKEx of Astron's mineral sands business and thus access to Hong Kong's capital markets for that business. In this event, Astron HK shareholders would then have an interest in a Hong Kong listed company with which they are familiar.
- A presence in Hong Kong could enhance Astron's potential for further growth by providing greater access to opportunities for corporate transactions such as mergers and acquisitions in line with Astron's strategic plans.
- The re-domiciliation should enhance Astron's visibility in the Asia Pacific region.

Implementation Agreement

The Implementation Agreement governs the Proposed Transaction.

Implementation of the Proposed Transaction is conditional upon the satisfaction of certain conditions including, but not limited to:

- approval by Shareholders of the Scheme;
- approval of the Scheme by the Federal Court of Australia;

- obtaining the appropriate regulatory approvals;
- listing of Astron HK on ASX; and
- an independent expert's report concluding that the Proposed Transaction is in the best interests of Shareholders.

A summary of the key terms of the Implementation Agreement is included in Attachment A to this announcement.

Indicative timetable

It is expected that the Information Memorandum will be sent to Shareholders in March 2012, the Shareholders meeting to approve the Scheme will be held in April 2012 and, assuming approval of the Scheme, the Group will be re-domiciled in Hong Kong by May 2012. The Information Memorandum will outline the full details of the Proposed Transaction and the Scheme process, as well as the independent expert's conclusions. It should be noted the dates set out in this announcement are proposed dates and may change.

Shareholder Information

Further information on the Proposed Transaction will be lodged with ASX and included on the Company's website at <http://www.astronlimited.com>.

Contacts

For further information please contact:

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Attachments

- A Key terms of the Implementation Agreement
- B Current and Proposed Group structure

Attachment A: Key Terms of the Implementation Agreement

Introduction

The Company and Astron HK, a wholly owned subsidiary of the Company, entered into an Implementation Agreement (**Agreement**) on 10 January 2012. The Agreement sets out the terms and the parties' respective obligations in connection with the implementation of the Scheme.

A copy of the Agreement will be contained in the Information Memorandum to be provided by the Company to its Shareholders prior to the Scheme Meeting. An outline of the key terms of the Agreement is set out below.

Conditions Precedent

- **(No prohibitive orders)** No prohibition or legal restraint being imposed which would prevent implementation of the Proposed Transaction.
- **(Regulatory consents)** All necessary regulatory consents and approvals being obtained in relation to the Proposed Transaction.
- **(ASX listing)** ASX approving:
 - (a) Astron HK for admission to the official list of ASX; and
 - (b) the CDIs for official quotation by ASX.
- **(Shareholder approval)** Shareholders approving the Scheme by the requisite majorities under the Corporations Act.
- **(Court approval of Scheme)** The Court approving the Scheme in accordance with the Corporations Act either unconditionally or on conditions that are customary or usual.
- **(Depositary)** Astron HK appointing a depositary for the purposes of issuing CDIs and the depositary agreeing to the allotment to it of Astron HK Shares under the Scheme.
- **(Nominee)** Astron HK appointing a Nominee and the Nominee agreeing to sell CDIs on behalf of Ineligible Overseas Shareholders.
- **(Ability to issue CDIs)** Astron HK having done everything necessary under the ASX Settlement Operating Rules to enable it to issue CDIs other than the allotment to a Depositary of Astron HK Shares under the Scheme.
- **(Independent Expert)** the Company receiving a report from the Independent Expert that the Proposed Transaction is in the best interests of Shareholders.

Termination

Either the Company or Astron HK may terminate the Agreement where:

- there is a material breach of the Agreement; or
- the board of the Company withdraws its recommendation of the Scheme.

All of the obligations in the Agreement with respect to the Scheme will terminate automatically in the event that:

- the Independent Expert opines that the Scheme is not in the best interests of the Shareholders; or

- the Company's Shareholders fail to approve the Scheme by the necessary majorities at the Scheme Meeting; or
- the Court refuses to grant an order convening the Scheme Meeting or approving the Scheme and either the parties agree not to conduct an appeal or the parties agree to conduct an appeal but the appeal is unsuccessful; or
- the Scheme is not approved by the Court.

Relevant Definitions

ASIC means the Australian Securities and Investments Commission.

Astron HK Share means fully paid ordinary shares in the capital of Astron HK.

ASX means ASX Limited ACN 008 624 691 or the securities market which it operates, as the context requires.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 332.

ASX Settlement Operating Rules means the settlement rules of the settlement facility operated by ASX Settlement.

CDI means the CHESS Depository Interest to be issued in connection with the Scheme representing an interest in one Astron HK Share.

CHESS Depository Interest has the meaning given to that term in the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by the Company and Astron HK.

Depository has the meaning given to it in the ASX Settlement Operating Rules.

Effective means, when used in relation to a Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Implementation Date means the third Business Day following the Scheme Record Date.

Independent Expert means the independent expert in respect of the Scheme appointed by the Company to consider whether the Scheme is in the best interests of Shareholders.

Ineligible Overseas Shareholder means a Scheme Shareholder who is registered with an address outside Australia and its external territories, New Zealand and Hong Kong or any other country agreed to by the Company and Astron HK.

Information Memorandum means the document containing the information to be approved by the Court and to be despatched to Shareholders to assist them in deciding on how to vote on the Scheme.

Nominee means the nominee selected by Astron HK prior to the Implementation Date.

Proposed Transaction means the redomiciliation transaction which is to be effected on the Implementation Date, under which:

- Astron HK will acquire all of the Shares under the Scheme; and
- the existing Shareholders of the Company will receive Astron HK Shares or CDIs.

Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between the Company and Scheme Shareholders.

Scheme Record Date means 7.00 pm on the fifth Business Day after the Effective Date or any other date agreed with ASX to be the record date for the Scheme to determine entitlements to receive consideration pursuant to the Scheme.

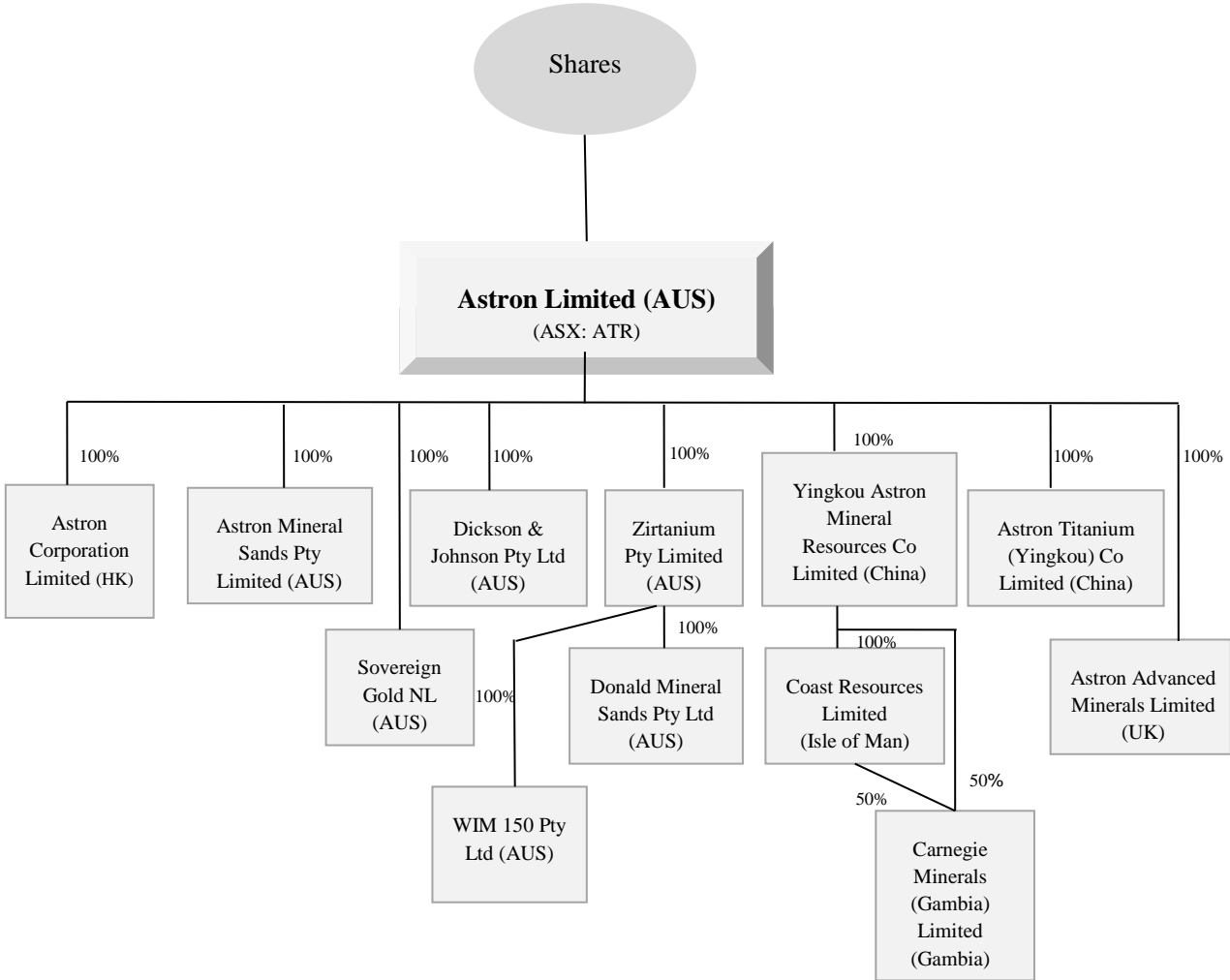
Scheme Shareholder means a Shareholder as at the Scheme Record Date.

Shareholder means each person who is registered in the share register as a holder of Shares.

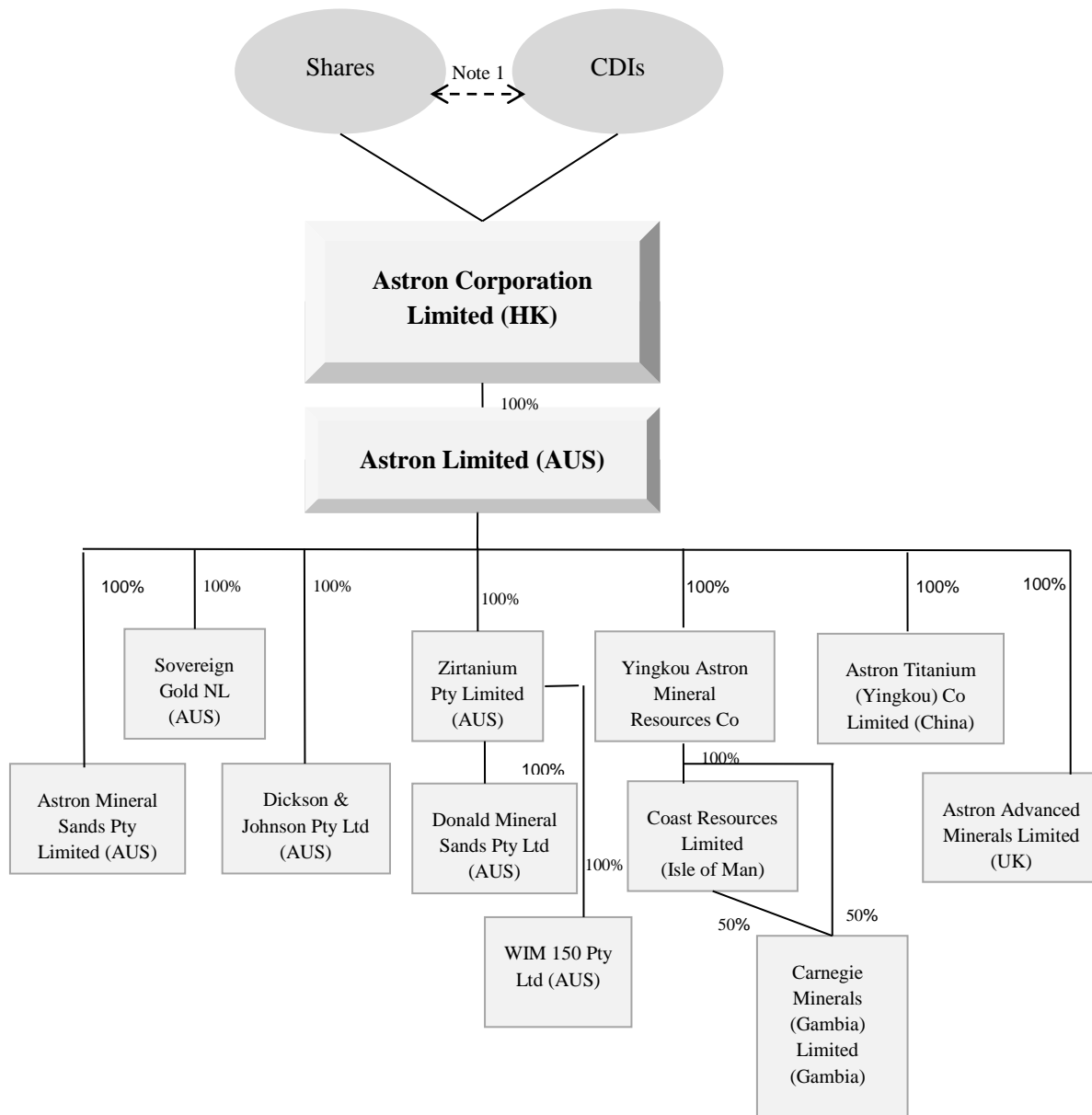
Shares means fully paid ordinary shares in the Company.

Attachment B: Current and proposed Group structure

Current structure



Proposed structure



Note 1: Shares in Astron Corporation Limited may be converted into CDIs, and vice versa

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